The Myanmar Investment Commission

PERMIT

Permit No. 317 /98 Date 29th SEPTE

The Myanmar Investment Commission issues this Permit ... ion of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter MANAGING DIRECTOR, MYAN... DU

(b) Citizenship MYANMAR

(c) Address NO.56, KABA AYE PAGODA ROAD, YANKIN TOWNSHIP YANGON

(d) Name and address of principal organization MYANMA HEAVY INDUSTR
NO.56, KABA AYE PAGODA ROAD, YANKIN TOWNSHIP, YANGON

(e) Place of incorporation
YANGON

(f) Type of business in which investment is to be made MANUFACTUR
ASSEMBLING, DISTRIBUTION, SALE, MAINTENANCE & REPAIR
TWO WHEELERS AND FOUR WHEELERS

(g) Place (s) at which investment is permitted
INDUSTRIAL ZONE IN SOUTH DAGON TOWNSHIP

(h) Amount of foreign capital US $ 4.69 MILLION

(i) Period for bringing in foreign capital WITHIN 7 YE... FROM T
SIGNING DATE OF THE JOINT VEN...

(j) Total amount of capital (Kyat) 40.20 M
(KYAT FORTY MILLION AND TWO

(k) Permitted duration of investment INITI

(l) Name of the economic organization to be formed in Mya
MYANMAR SUZUKI MOTOR CO., LTD.

Ch

The Myanmar Inv

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၃၀၇/၉၇ .... ၁၉၉၇ ခုနှစ်၊ စက်တင်ဘာ လ ၂၉ ရက်။

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၀ အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ကမကထပြုသူ၏အမည် ဦးဆောင်သူ နီကြူးဂရေးမ်း၊ မြန်မာ့အကြီးစားစက်မှုလုပ်ငန်း။

(ခ) မည်သည့်နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ အမှတ် ၅၆၊ ကမ္ဘာအေးဘုရားလမ်း၊ ရန်ကင်းမြို့နယ်၊ ရန်ကုန်မြို့။

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ မြန်မာ့အကြီးစားစက်မှုလုပ်ငန်း၊ အမှတ် ၅၆၊ ကမ္ဘာအေးဘုရားလမ်း၊ ရန်ကင်းမြို့နယ်၊ ရန်ကုန်မြို့။

(င) ဖွဲ့စည်းရာအရပ် .... ရန်ကုန်မြို့။

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား SUZUKI မော်တော်ဆိုင်ကယ်နှင့် မော်တော်ယာဉ်များ တစ်ဆင့်ထုတ်လုပ်ဖြန့်ဖြူးရောင်းချခြင်းနှင့် ပြုပြင်ခြင်းလုပ်ငန်း။

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) .... ဒဂုံမြို့သစ်တောင်ပိုင်း၊ စက်မှုဇုန်။

[illegible] နိုင်ငံ[illegible]ငွေရင်း: အမေရိကန်ဒေါ်လာ ၄.၆၉ သန်း

[illegible] ငွေရင်းယူဆောင်လာရမည့်ကာလ ဖက်စပ်စာချုပ်ချုပ်ဆိုပြီး ၇ နှစ်အတွင်း

[illegible] မတည်ငွေရင်း ပမာဏ(ကျပ်) ၄၀.၂၀ သန်း (ကျပ် လေးဆယ်သန်း နှစ်သိန်းတိတိ)

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း ကနဦး ၁၀ နှစ်

မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေးအဖွဲ့အစည်းအမည် .... MYANMAR SUZUKI MOTOR CO., LTD.

ဥက္ကဋ္ဌ

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

Confidential

GOVERNMENT OF THE UNION OF MYANMAR
MYANMAR INVESTMENT COMMISSION
653 / 691, Merchant Street, Yangon.

Our ref : Ya Ka-1/458/98 (4733)
Dated : 29th September 1998

Tel : 272219, 272855
Fax : 095-01-282101

Subject : **Decision of the Myanmar Investment Commission on the Proposal "Manufacturing, Assembling, Distribution, Sale, Maintenance and Repair of Suzuki Two Wheelers (with engine capacity between 50cc and 110cc) and Four Wheelers (with engine capacity between 600cc and 1,000cc)" under the name of "Myanma Suzuki Motor Co., Ltd.".**

Reference: Ministry of Industry (2) Letter No. 31-2 Sa 2(1)98(539) dated 29.7.98.

1. The Myanmar Investment Commission, at its meeting 13/98 held on 31-7-98 had reviewe the proposal for investment in "Manufacturing, Assembling, Distribution, Sale, Maintenance Repair of Suzuki Two Wheelers (with engine capacity between 50cc and 110cc) and Four Wheele.. (with engine capacity between 600cc and 1,000cc)" under the name of "Myanmar Suzuki Motor Co., Ltd." submitted as a Joint Venture between Myanma Heavy Industries and Suzuki Motor Corporation of Japan. After careful review, it was deliberated that the proposed project be approved in principal for implementation and the proposal be submitted to the Cabinet meeting for fina... ...oval.

2. The Cabinet, at its meeting 30/98 held on 3-9-98 resolve... said project. Hence, the "Permit" is herewith issued in accordanc... Union of Myanmar Foreign Investment Law and Chapter VI, Ru... the said Law. Terms and conditions to the "Permit" are stated in the following par...

3. The permitted duration of the project shall be 10(Ten) years from the ... Lease Agreement and extendible for another two 10(Ten) years upon mut... Myanma Heavy Industries and Myanmar Suzuki Motor Co., Ltd. At the ... Myanmar Suzuki Motor Co., Ltd. shall transfer land and building to the My... without any consideration.

4. Myanmar Suzuki Motor Co., Ltd. shall pay the annual rent for the ... of US $ 10 (United States Dollars Ten Only) per square metre per a... 19,000 (United States Dollars Nineteen Thousand Only) and for the la...

rate of US $ 4.02 (United States Dollars Four and Two Cent Only) per square metre p... to the amount of US $ 28,100 (United States Dollars Twenty Eight Thousand and One Hundr... ly) and shall also pay the annual rent for the land (47,264) square metre at the rate of US $ 4.02 ... States Dollars Four and Two Cent Only) to the amount of US $ 190,000 (United States Dolla... Hundred and Ninety Thousand only) to Myanma Heavy Industries.

5. Myanma Heavy Industries shall have an option with written consent by Suzuki to in... their shareholding ratio upto 50(Fifty) percent either by way of purchase of Suzuki's holdi... at fair price in US Dollar or of further contribution, in form of US Dollar, in case of capital inc... of Joint Venture Company during the period of Agreement.

6. Suzuki Motor Corporation shall provide a Performance Bank Guarantee at the rate of 3(Three) percent of initial capital contribution in favour of Myanma Heavy Industries with... 30(Thirty) days after signing the Joint Venture Agreement.

7. The models of products to be manufactured, assembled, distributed and sold by Myanmar Suzuki Motor Co., Ltd. under the License Agreement may be changed from time to time according to circumstances, by an agreement between the parties.

8. The target of localization is subject to available facilities and equipments for th... manufacturing of parts and cost benefit and quality in localization.

9. In the future, Myanmar Suzuki Motor Co., Ltd. will endeavour to export localized components and products from Myanmar to third countries wherever Suziki agrees, provid... quality and cost of such components and products conforms wit... internatio... by Suzuki and price thereof becomes competitive in the market

10. Myanmar Suzuki Motor Co., Ltd. will start export of ... touch to 30% of the total production volume in 10th year.

11. In issuing this "Permit" the Commission has granted the following exempt...

(a) As per Section-21(a), exemption from income-tax up to three co... year of commencement of commercial operation.

(b) As per Section-21(b), regarding exemption from income-tax ... they are maintained in a reserve fund and re-invested therein ... reserve is made, Myanmar Suzuki Motor Co., Ltd. shall apply for such ex... after 3-year tax holiday period.

(c) As per Section-21(c), Myanmar Suzuki Motor Co., Ltd. s... depreciation in respect of machinery, equipment, building...

the business to the extent of the original value for the purpose of income-tax a... ...nent. However, Myanmar Suzuki Motor Co., Ltd. shall have to apply to the Commissio... ...uch rates of depreciation.

(d) As per Section-21(d), relief from income-tax up to 50 percent on profits accrued ... exports, such relief has to be applied, upon actual performance, following 3-yea... holiday period.

(e) As per Section-21(e), Myanmar Suzuki Motor Co., Ltd. shall have the right to ... income-tax payable to the State on behalf of foreigners who have come from abroa... are employed in the enterprise and the right to deduct such payment from the assessa... income.

(f) As per Section-21(f), the Commission has also approved the right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(g) As per Section-21(g), regarding the right to deduct from the assessable income such expenses incurred in respect of research and development relating to the enterprise which are actually required and are carried out within the State, Myanmar Suzuki Motor Co., Ltd. shall apply, upon actual performance of such research and development programme, only after 3-year tax holiday period.

(h) As per Section-21(h), regarding right to carry forward and set-off up to three consecutive years from the year the loss is sustained following the enjoyment of exemption from income-tax, Myanmar Suzuki Motor Co., Ltd. shall file the case, if any, to the Ministry of Finance and Revenue in accordance with Section-4 of the Income Tax Amendment Law, 1991.

(i) As per Section-21(i), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare ... and ma... used in the business, which are imported as they are a... period of construction.

(j) As per Section-21(j), exemption from customs duty ... raw materials and additional import of machinery, eq... actually required for operation of the business shall be granted w... commercial operation following the period of construction. However, s... be subject to the approval endorsed by the Ministry of Industry (2).

12. Concerning the importation and manufacturing of similar model to S... Wheelers and Four Wheelers, Myanma Heavy Industries agree to seek as... concerned, so that Government of the Union of Myanmar will undertake n...sary ... control the situation to avoid undesirable jeopardy to Suzuki and Joint Venture Company period of SKD-Basis Manufacturing and 3(Three) years from starting of CK...

13. Myanma Heavy Industries shall have to sign Joint Venture Agreement wi... i Motor Corporation and shall also have to sign the Lease Agreement with Myanmar Suzuki ... or Co., Ltd. After signing such Agreements, (5) copies each of those shall have to be forwarded to ... Commission.

14. Myanmar Suzuki Motor Co., Ltd., in consultation with the Department of Compa... Administration, Directorate of Investment and Company Administration shall have to be registere... After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles ... Association shall have to be forwarded to the Commission.

15. Myanmar Suzuki Motor Co., Ltd. shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

16. The official date of operation shall be reported to the Commission.

17. Myanmar Suzuki Motor Co., Ltd. shall endeavour to meet the targets for production and export stated in the proposal as the minimum target.

18. The Commission approves periodical appointments of foreign experts and technicians from abroad as per Proposal. Myanmar Suzuki Motor Co., Ltd. shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

19. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Inv... ent Law ... is compulsory to report as early as possible in the following manner,

(a) The amount of foreign currency brought into Myanm... documents issued by the respective bank where the accou...

(b) The detailed lists of the type and value of foreign capital ... unde... the said Law, other than foreign currency, to the Chairman, Foreign Capit... Sub-Committee.

20. Whenever Myanmar Suzuki Motor Co., Ltd. brings in foreign capital defi... 2(h) of the said Law, other than foreign currency in the manner stated in paragra... above, the Inspection Certificate endorsed and issued by an internationally recog...ed Ins... Firm with regard to quantity, quality and price of imported materials shall have to be attached.

21. After all types of foreign capital (foreign currency and other types of foreign cap been brought into Myanmar, a report shall have to be submitted to the Commission as pres. d, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure(1)]

22. Myanmar Suzuki Motor Co., Ltd. shall report to the Commission for any alteration in tl physical and financial plan of the project. Cost over-run, over and above the investment amou pledged in both local and foreign currency shall have to be reported as early as possible.

23. Myanmar Suzuki Motor Co., Ltd. shall be responsible for the preservation of the environme at and around the area of the project site. Hence, it shall observe the directive issued by th Commission vide letter No. Ya Ka-1/139/94 (0440) dated 30-6-94 [Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

24. Myanmar Suzuki Motor Co., Ltd. shall follow the procedures prescribed by the Commission, vide letter No. Ya Ka-7/408/94 (0424) dated 29-6-94 [Annexure(3)] to expedite the clearance of imports of capital and inter-industry use goods brought in as capital investment and raw materials required during the initial 3-year operation period.

25. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Myanmar Suzuki Motor Co., Ltd..

26. Myanmar Suzuki Motor Co., Ltd., in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

By Order

Brig-Gen Maung

Secret.

Managing Director

Myanma Heavy Industries

cc: 1. Office of the Chairman of State Peace and Development Council

2. Office of the State Peace and Development Council

3. Office of the Government of the Union of Myanmar

4. Office of the Strategic Studies, Ministry of Defence
5. Ministry of National Planning and Economic Development
6. Ministry of Finance and Revenue
7. Ministry of Commerce
8. Ministry of Industry (2)
9. Ministry of Foreign Affairs
10. Ministry of Home Affairs
11. Ministry of Immigration and Population
12. Ministry of Labour
13. Ministry of Electric Power
14. Chairman, Committee for Assisting the Myanmar Investment Commission (Governor, Central Bank of Myanmar)
15. Chairman, Foreign Capital Evaluation Sub-Committee (Director General, Central Equipment Statistics and Inspection Department)
16. Director General, Directorate of Investment and Company Administration
17. Director General, Customs Department
18. Director General, Internal Revenue Department
19. Managing Director, Myanma Foreign Trade Bank
20. Managing Director, Myanma Investment and Commercial Bank
21. Managing Director, Myanma Insurance
22. Managing Director, Myanma Electric Power Enterprise
23. Director General, Directorate of Trade
24. Director General, Immigration and National Registration Department
25. Director General, Directorate of Labour
26. Chairman, Union of Myanmar Chamber of Commerce and Industry